# Subject Index

#### Α

# Accounting for trading activities, 2060.1, 2120.1

See also specific type of financial instrument.
Examination objectives, 2120.2
Examination procedures, 2120.3
Financial-statement disclosures, 2120.5
Hedge-accounting treatment, criteria for, 2120.1

Internal control questionnaire, 2120.4 Mortgage-backed securities, 4110.1 Securities and securitization, 3000.1, 3020.1

# Adjusted trading, 3000.1

#### Asset securitization, 3020.1

## **Audits**, 2000.1

Back-office trading operations, 2060.1 Collateralized loan obligations, 4353.1 Futures commission merchants, 3030.1 Internal, 2000.1

• Settlement, 2020.1 Risk management, 2000.1 Securities, investment, 3000.1

#### R

# Back-office trading operations, 2060.1

Examination objectives, 2060.2 Examination procedures, 2060.3 Internal control questionnaire, 2060.4

#### Bank holding companies

Commercial paper activities, 4010.1 Futures commission merchant activities, 3030.1

Regulatory reports from, 2130.5 Section 20 subsidiaries of, 2140.1

#### Banks and banking organizations

Investments, legal limits on—See specific type of financial instrument.

Large, complex banking organizations

• Capital adequacy of, 2110.1 Regulatory reports of, 2130.5 Securities, restrictions on holdings of, 3000.1

# **Board of directors and senior management** Ethics of, 2150.1

Risk-management responsibilities of, 2000.1
• Futures commission merchants, 3030.1

- Interest-rate risk, 3010.1
- Securities and securitization, 3000.1, 3020.1

#### **Bonds**

Brady, 4255.1

Corporate, 4045.1

Foreign government

- · Australian, 4205.1
- Canadian, 4210.1
- French, 4215.1
- German, 4220.1
- Irish, 4225.1
- Italian, 4230.1
- Japanese, 4235.1
- Spanish, 4240.1
- Swiss, 4245.1
- United Kingdom, 4250.1 Treasury, U.S., 4020.1

Brokers and dealers—See Securities.

#### $\mathbf{C}$

#### **CAMELS ratings**

Interest-rate risk assessment, 3010.1

Capital adequacy, 2110.1 Asset securitizations, for, 3020.1

## Certificates of deposit

Eurodollar, 4055.1

## Clearinghouses

Futures exchange, 3030.1

#### Codes of conduct

Employees of financial institutions, 2150.1—See also Ethics.

#### Collateral

Arrangements, as credit enhancement, 2020.1 Agreements, enforceability of, 2070.1

# Collateralized loan obligations (CLOs), 4353.1

# Collateralized mortgage obligations (CMOs), 4110.1

Synthetic, 2110.1

## Commercial paper, 4010.1

Asset-backed, 4105.1 Securitization of, 3020.1 Commodities, 3030.1

Contracts, calculating credit-equivalent amounts for, 2110.1

Price risk of, 2010.1

Commodities,—continued

Trading advisor for, 3030.1

Transactions linked to, 4355.1

Computers and computing systems

Operations risk of, 2040.1

Confidentiality

Trading customers, 2150.1

**Confirmations** 

Trades, 2060.1

Conflicts of interest—See Ethics of trading institutions and personnel.

Corporate notes and bonds, 4045.1

Counterparties, unnamed, 2020.1

Counterparty credit risk—See Credit at Risk.

Credit

Credit-equivalent amounts, calculating for derivatives, 2110.1

Enhancements, 2020.1, 3020.1

Risk, counterparty credit, 2020.1, 2021.1

See also specific type of financial instrument.

- Examination objectives, 2020.2
- Examination procedures, 2020.3
- Futures commission merchants, 3030.1
- · Large, complex banking organizations, in, 2110.1
- Internal control questionnaire, 2020.4
- Securities and securitization, 3000.1, 3020.1

Secondary-market activities, 3020.1

Credit derivatives, 4350.1

Capital treatment of, 2110.1

Currency swaps, 4335.1

D

Dealers, securities—See Securities.

Derivatives

Accounting for, 2120.1

Capital adequacy treatment, 2110.1

Credit, 4350.1

Disclosure for, 2120.5

Equity, 4345.1

**Documentation**—See Reporting, financial and

Legal risk.

E

**Earnings**—See Financial performance.

End-user activities—See Securities.

**Equity contracts** 

Equity-price risk, 2010.1

Equity derivatives, 4345.1

Equity-price risk, 2010.1

Ethics of trading institutions and personnel,

2150.1

Examination objectives, 2150.2

Examination procedures, 2150.3

Front-office trading operations, 2050.1

Internal control questionnaire, 2150.4

Eurodollar certificates of deposit, 4055.1

Examinations

Futures commission merchants, 3030.1

Interest-rate risk, 3010.1

Large, complex banking organizations; capital

adequacy assessment, 2110.1

Objectives, procedures, and

questionnaires—See specific examination

Preparation for, preexamination review, 1000.0

SEC and other agencies, by, 2140.1

Securitization, asset, 3020.1

Exchange-traded instruments

Credit risk of, 2020.1

Liquidity risk of, 2030.1

F

Federal funds, 4005.1

Financial performance, 2100.1

Examination objectives, 2100.2

Examination procedures, 2100.3

Internal control questionnaire, 2100.4

#### **Financial statements**

Disclosures, 2120.5

### Foreign-currency instruments, 2120.1

## Foreign exchange, 4305.1

Nondeliverable forward (NDF) transactions, legal risk of, 2070.1

Risks of, 2010.1

- Commercial paper, 4010.1
- Settlement, 2021.1

## Forward rate agreements, 4315.1

Forwards—See Futures and forwards.

## Front-office trading operations, 2050.1

Examination objectives, 2050.2 Examination procedures, 2050.3 Internal control questionnaire, 2050.4

## Funding-liquidity risk, 2030.1

## **Futures and forwards,** 4310.1, 4320.1

See also Futures commission merchants. Accounting for, 2120.1 Exchanges, trading on, 3030.1 Financial futures, 4320.1

#### Futures commission merchants, 3030.1

Examination objectives, 3030.2 Examination procedures, 3030.3

G

Gains trading, 3000.1

#### Government, U.S.

Securities, 4020.1, 4025.1, 4030.1

• Agency securities, 4035.1

Η

## Hedge funds

Trading with, 2020.1

**Hedging**—See also specific type of financial

instrument.

Credit derivatives, 4350.1

Currency swaps, 4335.1

Futures, 4320.1

Hedge-accounting treatment, criteria for, 2120.1

Interest-rate swaps, 4325.1 Liquidity risk of, 2030.1 Mortgage-backed securities, 4110.1 Options, 4330.1

#### Holdback reserves, 2100.1

Ι

#### Income

Attribution of, 2100.1 *See also* Reporting, financial.

#### **Insider information, 2150.1**

#### Institutions, trading

See also Board of directors and senior management and specific area of institution.

Legal structure of, 1010.1

## Interest-rate risk, 2010.1

Large, complex banking organizations, 2110.1 Management of, 3010.1

- Examination objectives, 3010.2
- Examination procedures, 3010.3
- Internal control questionnaire, 3010.4

#### Interest-rate swaps, 4325.1

Internal audit—See Audits.

#### **Internal controls**

Back-office trading operations, 2060.1 Futures commission merchants, 3020.1 Interest-rate risk, 3010.1

Investment securities and end-user activities, 3000.1

Questionnaires for examining—See specific examination topic.

Risk management, general, 2000.1 Securities and securitization, 3000.1, 3020.1

Internal models—See Models, risk-measurement.

# International trading operations and transactions

See also Bonds; Foreign-currency instruments; Foreign exchange; Notes.

Foreign banks, U.S. branches and agencies of; regulatory reports from, 2130.5

Futures commission merchants, participation in foreign markets, 3030.1

# International trading operations and transactions—continued

Securities, 2140.1, 3000.1

Settlement of foreign payments, 2060.1

#### **Investments**

See also specific type of financial instrument. Limitations on, 3000.1

Asset-backed securities, 4105.1

#### Investors, institutional

Trading with, 2020.1

L

#### Legal risk, 2070.1

Examination objectives, 2070.2 Examination procedures, 2070.3 Securities and securitization, 3000.1, 3020.1

## Liquidity risk, 2030.1

Credit risk, 2020.1

See also specific type of financial instrument. Asset securitization, 3020.1 Examination objectives, 2030.2 Examination procedures, 2030.3 Futures commission merchants—continued Internal control questionnaire, 2030.4 Securities and securitization, 3000.1, 3020.1

#### M

### Management information systems (MIS)

Examination objectives, 2040.2 Examination procedures, 2040.3 Futures commission merchants, 3030.1 Internal control questionnaire, 2040.4 Liquidity risk, 2030.1 Operations and systems risk of, 2040.1

Reports to management, adequacy of, 2060.1, 2100.1 Securities, investment, 3000.1

# Management of trading institutions—See

Board of directors and senior management.

## Margin requirements

Futures clearinghouses, 3030.1

#### Market risk, 2010.1

See also specific type of financial instrument.

Capital adequacy, as component of, 2110.1

Examination objectives, 2010.2

Examination procedures, 2010.3

Futures commission merchants, 3030.1

Interest-rate risk, 3010.1

Internal control questionnaire, 2010.4

Large, complex banking organizations, 2110.1

Limits, 2010.1

Liquidity risk, 2030.1

Measures, 2010.1

Securities, investment, 3000.1

Master agreements, 2070.1

Master trust structures, 4353.1

Models, risk-measurement, 2040.1

Capital calculations, 2110.1

Market risk, 2110.1

Pricing, 2100.1

Mortgage-backed securities

Residential, 4110.1

Municipal securities, 4050.1

N

Netting agreements, 2110.1

Accounting for, 2120.1

Legal risks of, 2070.1

Operational issues, 2070.1

#### Notes

Corporate, 4045.1

Foreign government

- French, 4215.1
- German, 4220.1
- Italian, 4230.1
- Japanese, 4235.1
- Swiss, 4245.1

Structured, 4040.1

U.S. Treasury, 4020.1

O

#### Operations and systems risk

See also Back-office trading operations; Front-office trading operations;

Management information systems.

Large, complex banking organizations, 2110.1

New products, 2040.1

• Review of, 3000.1

## **Options**, 4330.1

Accounting for, 2120.1 Market risk, measures of optionality, 2010.1 Pricing, 4330.1

**Organizational structure,** 1010.1 Front-office trading operations, 2050.1 Risk-management operations, 2000.1

Over-the-counter (OTC) instruments—See Securities.

P

**Pair-offs**, 3000.1

#### Personnel of trading institutions

Back-office roles, 2060.1 Ethics and conduct of, 2150.1 Expertise and competence of, 2040.1, 2050.1 Front-office roles, 2050.1

Preexamination review—See Examinations.

Presettlement risk, 2020.1

#### **Pricing**

Trading positions, 2100.1 See also specific type of financial instrument.

## Products, trading

New, 2040.1

• Review of, 3000.1 Revaluation of, 2060.1, 2100.1 Risks of, 2030.1

**Profits and losses**—*See* Financial performance.

R

**Recordkeeping**—See Reporting, financial.

#### Regulations

Compliance with, 2140.1

- Examination objectives, 2140.2
- Futures commission merchants, Federal Reserve regulation of, 3030.1

Regulation Y, 3030.1

**Reporting, financial,** 2120.1, 2120.5 *See also* Management information systems.

Back-office trading operations, 2060.1 FFIEC reports, 2130.5

Financial performance, 2100.1

Financial statements, disclosures, 2120.5 Front-office trading operations, 2050.1 FR-Y series reports, 2130.5

Futures commission merchants, 3030.1 Legal requirements, 2070.1

Regulatory requirements, 2130.1, 2130.5, 2140.1

See also Regulations.

- Accounting standards and guidelines for, 2120.1
- Examination objectives, 2130.2
- Examination procedures, 2130.3
- Internal control questionnaire, 2130.4 Risk, 3000.1
- Futures commission merchants, 3030.1
- Interest-rate risk, 3010.1 Transaction, 2050.1
- Ticket flow, 2060.1

Repurchase agreements (repos), 4015.1

#### Reputation risk

Futures commission merchants, 3030.1

Reserves, 2100.1 Holdback, 2030.1

#### Risk-based capital weighting, 2110.1

See also specific type of financial instrument.

## Risk management, 2000.1

See also specific type of risk.

Asset securitizations, 2110.1, 3020.1

Capital adequacy considerations, 2110.1

Counterparty credit risk, 2020.1, 2021.1

Equity-price risk, 2010.1

Examination objectives, 2000.2

Examination procedures, 2000.3

Funding-liquidity risk, 2030.1

Futures commission merchants, 3030.1

Internal control questionnaire, 2000.4

Market risk, simulations for, 2010.1

Organization, 1010.1

Overview, preparation for examination, 1000.1

Securities, 3000.1

S

Secondary-market credit activities, 3020.1

Sound practices for, overview, 2000.1

#### Securities

See also Derivatives and specific type of financial instrument.

Accounting for, 2120.1

Agency, U.S. government, 4035.1

Asset-backed, 3020.1, 4105.1

Available-for-sale, 2120.1

Broker-dealers, 2140.1

Brokers

- Brokers' points, unacceptable trading practice, 2050.1
- Commissions and fees, 2060.1
- Futures commission merchants, risks associated with, 3030.1

Classifications of, 3000.1

Dealers, selection of, 3000.1

Exchange-traded instruments

- · Credit risk of, 2020.1
- Liquidity risk of, 2030.1

Held-to-maturity, 2120.1

Inflation-indexed, U.S. Treasury, 4030.1 Investment, 3000.1

- Examination objectives, 3000.2
- Examination procedures, 3000.3
- Internal control questionnaire, 3000.4
- Practices, unsuitable, 2050.1, 3000.1

Municipal, 4050.1

Over-the-counter instruments

- · Credit risk of, 2020.1
- Liquidity risk of, 2030.1

Residential mortgage-backed, 4110.1

Trading, 2120.1

# Securities and Exchange Commission (SEC)

Reporting requirements of, 2120.1, 2120.5

Securitization of assets, 3020.1

## **Self-regulatory organizations (SROs)**

Compliance with, 2140.1

• Futures commission merchants, 3030.1

#### Settlement risk, 2021.1

Extended settlement, 3000.1

Short sales, 3000.1

#### **Simulations**

Market risk, 2010.1

## Special-purpose vehicles (SPVs), 2020.1

#### Specific risk

Capital charge for, determining, 2110.1

## Stress testing

Interest-rate risk, 3010.1 Market risk, 2010.1

Securities and securitization, 3000.1, 3020.1

# STRIPS, U.S. Treasury, 4025.1

Structured notes, 4040.1

#### **Swaps**

Credit-equivalent amounts for, calculating, 2110.1

Currency, 4335.1

Interest-rate, 4325.1

Accounting for, 2120.1

Netting of, 2110.1

## Swaptions, 4340.1

Systems risk—See Back-office trading operations; Front-office trading operations; Management information systems.

### T

## Tickets, trading

Flow of, 2060.1

#### **Trademark products**

STRIPS, 4025.1

#### Trading transactions

Confirmation of, 2060.1

Consummation of, 2050.1

Discrepancies and disputed trades, 2060.1

Income, attribution of, 2100.1

Legal structure of firm engaging in, 1010.1

Netting agreements, 2070.1

Reconciliation, 2060.1

Reporting of, 2050.1

Settlement, 2060.1

Unacceptable trading practices, 2050.1, 3000.1

Valuation of positions, 2100.1

#### **Training**

Front-office operations, 2050.1

#### Treasury, U.S.

Bills, notes, and bonds, 4020.1 Inflation-indexed securities, 4030.1 STRIPS, 4025.1

## **Trigger events**

Legal risk of, 2070.1

V

W

Valuation of trading positions, 2100.1

When-issued trading, 3000.1

Value-at-risk Market risk, 2010.1, 2110.1